

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
CenterPoint Energy, d/b/a Minnegasco,
for Authority to Increase Natural Gas
Rates in Minnesota

FOURTH PREHEARING ORDER

This matter is before Administrative Law Judge Richard C. Luis by Notice and Order for Hearing of the Minnesota Public Utilities Commission ("Commission") issued on September 7, 2004.

In response to concerns regarding accessibility to the public hearings held in this matter, the ALJ requested that persons file comments on the issue, no later than December 17, 2004. The ALJ received four comments on the subject:

CenterPoint Energy asserted that the existing public hearings had been duly noticed, that evening hearings were available in two suburban locations, and that persons who still wished to comment could submit the comment in writing for inclusion in the record. For these reasons, CenterPoint Energy suggested that another public hearing opportunity was unnecessary. CenterPoint Energy also noted that its procedure for providing customer notice (billing inserts) takes more time than is available for the proposed additional hearing.

The Suburban Rate Authority (SRA) indicated that the population to be afforded the hearing was the most adversely affected class of customer in CenterPoint Energy's proposed rates. SRA noted that it had requested the scheduling of an additional evening public hearing at the prehearing conference in this matter. SRA maintained that adding an additional public hearing to the schedule was good public policy when addressing a rate change as significant as that proposed by CenterPoint Energy.

The Minnesota Office of the Attorney General, Residential Utilities Division, strongly supported adding an evening public hearing in the Phillips Neighborhood of Minneapolis.

The Phillips Neighborhood Energy Cooperative (PNEC) indicated that the time and locations of the existing public hearings did not afford apartment dwellers a sufficient opportunity to comment regarding the impact of the proposed rate

change. PNEC maintained that adding an evening public hearing in Minneapolis would encourage participation of customers with limited English language skills and allow for a more easily understandable description of the rate impact for persons without a technical background in rate design. PNEC suggested Little Earth Neighborhood Early Learning Center (LE NELC) located at 2438 18th Ave. S. or the Midtown YMCA as possible hearing locations. For notice of the proceeding, PNEC suggested posting notice on several websites, posting flyers at local community centers and gathering spots, issuing a press release to major news outlets, notifying neighborhood organizations, and submitting the information to local newspapers (web or paper based) and to Minneapolis area public libraries.

In the usual course of a rate proceeding, public hearings are scheduled at the prehearing conference and that schedule remains unchanged. Due to the burdens on the parties involved, the public hearing schedule should only be modified for good cause.

In this proceeding, CenterPoint Energy has proposed a significant change in its rate design. That change has the potential for significant rate increases on customers who use small amounts of natural gas. There are large concentrations of such customers in the geographic area that is sought for an additional public hearing. There are no such concentrations of affected customers in the communities where the evening public hearings were conducted. One hearing was held at the Hennepin County Government Center, but that proceeding was held in the early afternoon of a weekday. Many customers who use small amounts of natural gas and who may wish to comment orally, were unavailable because of job commitments.

The active participation of a community group in making the request for an additional hearing makes useful public participation much more likely. Several commentators at the public hearings already conducted have questioned CenterPoint Energy's reliance on "average customer" estimates in the notices mailed to customers in providing notice of this matter. Under these circumstances, good cause exists for affording an additional local hearing for customers likely to be significantly affected by the proposed change in rate design.

CenterPoint Energy has raised valid objections regarding notice of this additional hearing. Placing notice of a supplemental hearing in with customer billing is costly and could not be completed in a timely fashion. Similarly, taking out a display advertisement in the major daily newspaper imposes costs not commensurate with the populations that require notice of any additional proceeding. The notice required to meet CenterPoint Energy's statutory obligation has been met in the notice already provided.

Because the additional public hearing will merely supplement those hearings already conducted, a less comprehensive standard of notice is required. Sufficient notice can be provided through posting notices on websites, posting fliers in community gathering places, issuing press releases, and, where possible, taking out display ads in

community newspapers. Such methods of notice are likely to inform interested members of the public of the time, date, place, and substance of the supplemental public hearing and will not impose significant costs on CenterPoint Energy.

Based on all the proceedings in this matter, the Administrative Law Judge makes the following:

ORDER

1. One evening public hearing is added to the hearing schedule in this matter. The public hearing will be conducted at the Sabathani Community Center, Conference Room J, 310 East 38th Street, Minneapolis, Minnesota. The hearing will begin at 7:00 p.m. on January 12, 2005 for the purpose of receiving comments from the public.
2. CenterPoint Energy shall post on its website a notice of the supplemental public hearing, distribute a news release consistent with the posted notice, and prepare fliers for posting at community gathering places in Minneapolis. A similar notice will be posted on the CenterPoint Energy rate matter page of the OAH website. PNEC shall distribute the fliers to likely locations in Minneapolis. If possible, consistent with publication deadlines, CenterPoint Energy will take out display ads containing the substance of the notice of supplemental public hearing in the Seward Monitor, Southside Pride, and Southwest Journal.
3. Any interested group that desires to disseminate the fliers prepared for the supplemental hearing can receive a reasonable number of fliers from CenterPoint Energy. The interested group can make additional reproductions of the flier, where needed.

Dated this 22nd day of December, 2004.

/s/ Richard C. Luis
RICHARD C. LUIS
Administrative Law Judge